

## Message Text

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PAGE 01 LA PAZ 07279 081654Z

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-04 RSC-01 /012 W

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R 081540Z NOV 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 4742

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E.O. 11652: N/A

TAGS: BEXP, BL

SUBJ: MAJOR PROJECT: RIO CHIMPURE - RIO YAPACANI ROAD

REF: LA PAZ 6897, STATE 227728, AND 236294

1. ON AUGUST 13, 1974 THE INTER-AMERICAN DEVELOPMENT BANK ANNOUNCED PER NEWS RELEASE NR/36-74, APPROVAL OF A US\$ 920,000 GRANT TO PREPARE FEASIBILITY STUDIES.

2. MAJOR EXPORT PROJECTS DIVISION SHOULD HAVE RECEIVED COPY OF THIS AND ALL OTHER NEWS RELEASES ANNOUNCING LOANS GRANTED BY THE INTER-AMERICAN DEVELOPMENT BANK. THE ABOVE ANNOUNCEMENT COULD SERVE AS "EARLY WARNING" FOR U.S. COMPANIES. IN THE CASE OF BOLIVIA HOWEVER, EARLY WARNING WOULD HAVE NO EFFECT AS THE INVITATION TO BID IS OPEN ONLY TO PRE-SELECTED OR PRE-QUALIFIED COMPANIES.

3. THE INVITATION TO BID ON THIS AND ALL OTHER BOLIVIAN ROAD PROJECTS UNDER SERVICIO NACIONAL DE CAMINOS (SNC) IS NOT OPEN TO ALL ENGINEERING COMPANIES. THE SNC INVITES ONLY COMPANIES OF THEIR CHOICE TO BID. THIS IS ACCOMPLISHED BY ISSUING LETTERS OF INVITATION TO THOSE COMPANIES CHOSEN BY SNC, AND OCCURS MANY MONTHS BEFORE THERE IS A PUBLIC ANNOUNCEMENT SUCH AS CITED IN PARAGRAPH NO. 1. ONLY SEVEN COMPANIES WERE INVITED TO BID OF WHICH TWO ARE U.S. (BERGER OF N.J. AND PARSONS OF CALIFORNIA), INCLUDING TWO BOLIVIAN, ONE ARGENTINE, ONE BRAZILIAN, AND ONE OTHER FOREIGN FIRM.

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4. BY BOLIVIAN LAW, A PUBLIC INVITATION ANNOUNCEMENT MUST BE

PUBLISHED STATING A THIRTY DAY QUOTATIONS PERIOD. EMBASSY DID NOT REPORT THIS PUBLIC ANNOUNCEMENT, AS THIRTY DAYS ARE MUCH TOO SHORT TO QUOTE A MAJOR ROAD PROJECT. ONLY THOSE COMPANIES CHOSEN BY SNC HAD REAL OPPORTUNITY AS THEY HAD MONTHS TO PREPARE ON BASIS OF SNC INVITATION LETTER.

5. CONVERSATIONS HAVE BEEN HELD WITH GENERAL MANAGER OF SNC TO OPEN THE BIDDING INVITATION PROCESS. WE OFFERED TO PRESENT US ENGINEERING AND CONSTRUCTION DIRECTORIES TO SNC. SNC HAS INDICATED IT WILL BE GLAD TO ACCEPT DIRECTORIES. WE ARE STILL NEGOTIATING ON EXTENT TO WHICH EARLY ANNOUNCEMENTS OR INVITATION WILL BE SENT TO COMPANIES IN THE DIRECTORIES.

6. USDOC IS HEREBY REQUESTED TO PROVIDE THE ABOVE DIRECTORIES.

7. CIRCULAR AIRGRAMS ISSUED IN 1970 AND 1971 ESTABLISHED A SYSTEM WHEREBY USDOC WOULD FORWARD TO POSTS INTERNAL WORKING PAPERS OF IDB AND IBRD WHICH INDICATE STATUS OF CONSIDERATION OF POTENTIAL PROJECT FINANCING BY THOSE INSTITUTIONS. WE HAVE NOT RECEIVED ANY SUCH PAPERS FOR SOME TIME AND WONDER IF THIS SYSTEM HAS NOW BEEN COMPLETELY DROPPED FOR SOME REASON. THE EARLIEST WARNING WE HAD ON THIS PROJECT WAS NEWSPAPER ARTICLE ANNOUNCING IDB APPROVAL OF FINANCING FOR STUDY WHICH WAS REPORTED IN A-169 OF SEPTEMBER 9, 1974.  
STEDMAN

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